

**MINUTES OF THE SPECIAL MEETING OF THE
ARIZONA STATE RETIREMENT SYSTEM BOARD**

**HELD ON
Friday, November 30, 2001
7:30 a.m. MST**

The Arizona State Retirement System (ASRS) Board met in the 14th Floor Conference Room of the ASRS office at 3300 North Central Avenue, Phoenix, Arizona 85012. Mr. Jim Bruner, ASRS Board Chairman, called the meeting to order at 7:30 a.m., MST.

The meeting was teleconferenced to the ASRS office, 7660 East Broadway Boulevard, Suite 108, Tucson, Arizona 85710.

1. Call to Order; Roll Call.

Present: Mr. Jim Bruner, Chairman (via telephone)
Dr. Merlin DuVal (via telephone)
Dr. Chuck Essigs (via telephone)
Ms. Bonnie Gonzalez (via telephone)
Mr. Jim Jenkins (via telephone - arrived at 7:39 a.m.)
Mr. Alan Maguire (via telephone)
Mr. Karl Polen (via telephone - arrived at 7:32 a.m.)
Mr. Ray Rottas

Excused: Mr. Norman Miller, Vice-Chairman

A quorum was present for the purpose of conducting business.

2. Presentation, Discussion and Appropriate Action Regarding the Disposition of the Bank One Commercial Mortgage Portfolio

Mr. Paul Matson, Chief Investment Officer, provided background information on the Bank One Commercial Mortgage Portfolio. In January 2001, the Board directed staff to sell the portfolio. A request for proposal (RFP) was issued in May to hire an advisor/implementor to assist in the disposition of the portfolio. In September, the Board hired Secured Capital as that advisor. The law firm of Gallagher & Kennedy was retained to represent the ASRS in the transaction. All bids have been received and the issue is now before the Board for final authorization prior to actual disposition of the portfolio.

Mr. Karl Polen arrived at 7:32 a.m.

Motion: Mr. Alan Maguire moved that the Board convene to Executive Session to discuss the bids on the commercial mortgage portfolio.

Dr. Merlin DuVal seconded the motion.

By a vote of 7 in favor, 0 opposed, 0 abstentions, 2 excused, the motion was approved.

The ASRS Board convened to Executive Session at 7:33 a.m.

Mr. Jim Jenkins arrived at 7:39 a.m.

The Board reconvened to Regular Session at 7:42 a.m.

Motion: Mr. Alan Maguire moved that the Chief Investment Officer of the ASRS be, and is hereby, authorized and empowered, for and on behalf of the ASRS, to close the sale of the entire ASRS commercial mortgage portfolio consistent with the bids received through the auction process that concluded with the receipt of bids on November 28, 2001, and to execute a loan portfolio purchase agreement substantially in the form of the loan portfolio purchase agreement, presented to and hereby approved by the Board, and any and all related documents thereto, on such terms and conditions as such officer deems to be in the best interests of the ASRS (including any amendment to the loan portfolio purchase agreement) and to execute such further documents and take such further action as such officer deems necessary or appropriate in the best interests of the ASRS to consummate the transactions contemplated under the loan portfolio purchase agreement, and any and all related documents thereto (the delivery of any executed document to be deemed conclusive evidence of the propriety of such document and the authority of such officer to execute the same).

Mr. Karl Polen seconded the motion.

Mr. Jim Jenkins asked if the offer the Board is accepting should name the bidder and the amount of the bid. Mr. Maguire answered that the ASRS may not reach a negotiated settlement with the leading bidder and may have to go to the cover bid, without revealing the current position of the ASRS.

By a vote of 8 in favor, 0 opposed, 0 abstentions, 1 excused, the motion was approved.

3. Board Requests for Agenda Items

There were no requests for future agenda items from Board members.

4. Call to the Public.

There were no requests to speak from the Phoenix or Tucson public.

5. The next regular ASRS Board meeting is scheduled for Friday, January 18, 2002, at 8:30 a.m. in the 10th Floor Board Room of the ASRS office at 3300 North Central Avenue, Phoenix, Arizona 85067-3910.

6. Adjournment of the ASRS Board.

Mr. Jim Bruner adjourned the November 30, 2001, meeting of the ASRS Board at 7:46 a.m.

Respectfully submitted,

Maurah Harrison, Secretary

Date

LeRoy Gilbertson, Director

Date

MEMORANDUM

TO: Mr. Jim Bruner, Chairman, Arizona State Retirement System (ASRS) Board

FROM: Mr. Norman Miller, Vice Chairman, ASRS Board

DATE: November 30, 2001

RE: Request to Append the Minutes of the November 30, 2001, Special Board Meeting

Scheduling conflicts prevented me from participating in the special Board meeting of November 30, 2001, held for the purpose of dealing with the ASRS Commercial Mortgage Portfolio. That meeting was the culmination of a lengthy process to dispose of this portfolio. For those of you who have known of my deep involvement in this matter, you may have wondered what my position was with regard to the bid and sale. I am very pleased with the result and take this opportunity to state on the record that I concur with the Board's action to approve the sale.

I also would report that I believe the staff, together with our contract partners, did a marvelous job to achieve the premium pricing for which the portfolio is being sold.